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SUBJECT: AMROGGANG DEVELOPMENT BANK,S CORRESPONDENT

RELATIONSHIP WITH THE BANK OF TOKYO-MITSUBISHI UFJ LTD

11. (U) This is an action request. Please see paragraph 3.

SUMMARY/BACKGROUND

22. (SBU) On October 23, 2009, the U.S. Department of the Treasury designated Pyongyang-based Amroggang Development Bank (ADB) under Executive Order (E.O.) 13382 for being owned or controlled by North Korea's Tanchon Commercial Bank (Tanchon), an entity designated by the United States, and by the UN pursuant to UN Security Council Resolution (UNSCR) 11874. E.O. 13382 freezes the assets of designated proliferators of weapons of mass destruction and their supporters. According to the Bankers Almanac, a leading provider of reference data on the banking industry, ADB maintains a correspondent relationship with the Bank of Tokyo-Mitsubishi UFJ, Ltd. Consistent with the obligation in Operative Paragraph 18 of UNSCR 1874, Washington requests that Post notify the Government of Japan about ADB's correspondent relationship with the Bank of Tokyo-Mitsubishi UFJ and urge the GOJ to take appropriate actions to freeze any assets. If the GOJ lacks the authority to freeze assets, Washington requests that it close any accounts linked to ADB. In addition, Washington asks the GOJ to investigate whether ADB holds correspondent relationships with other Japanese financial institutions and, if appropriate, urge the GoJ to take appropriate action against ADB under Japan's domestic authorities.

OBJECTIVES/ACTION REQUEST

33. (U) Washington requests that Post deliver the attached nonpaper in paragraph 4 to the Government of Japan. Post may also draw on the press release for the designation of ADB, which can be found at: www.treasury.gov/press/releases/tg330.htm. Post should pursue the following objectives:

- Deliver the points in the nonpaper below.
- Seek confirmation about the veracity of the Bankers Almanac's information.
- Urge the GOJ to freeze assets and/or close ADB's accounts if this information is accurate.
- Ask the GOJ to investigate whether ADB holds correspondent relationships with other Japanese financial institutions and, if appropriate, freeze any assets or close ADB accounts under Japan's domestic authorities.
- Report on the results of this discussion.

NONPAPER

14. (SBU) We would like to raise concerns about a possible relationship between the North Korean Amroggang Development Bank (ADB) and a bank in your jurisdiction.

-- The Bankers Almanac, a leading provider of reference data on the banking industry, indicates that as of December 2009, ADB maintains a correspondent relationship with the Bank of Tokyo-Mitsubishi Bank UFJ Ltd.

-- ADB, which was established in 2006, is a Tanchon-related company managed by Tanchon officials. As you know, Tanchon is the financial arm of the U.S and UN-designated North Korean company, Korea Mining Development Corporation (KOMID), and plays a role in financing KOMID's ballistic missiles sales.

-- On April 24, 2009, the UNSCR 1718 Committee designated both Tanchon and KOMID as subject to the provisions and measures imposed in paragraph 8(d) of UNSCR 1718 for their links to procurement for North Korea's ballistic missile and other weapons programs.

-- On October 23, 2009, the U.S. Department of the Treasury designated ADB under Executive Order 13382 for being owned or controlled by North Korea's Tanchon Commercial Bank (Tanchon), an entity which was sanctioned on June 28 2005, at the time of the adoption of E.O. 13382.

-- As you are aware, UNSCR 1874 calls for strong measures against North Korea's nuclear and missile proliferation activities and the furtherance of its nuclear and missile programs, including freezing of assets and denial of financial services to entities and individuals engaged in such activities.

-- Consistent with UNSCR 1874's call to prevent the provision of financial services that could contribute to North Korea's nuclear-related, ballistic missile-related or other WMD-related programs, we urge you to investigate whether ADB does have a correspondent banking relationship with the Bank of Tokyo-Mitsubishi UFJ Ltd.

-- If this correspondent relationship is confirmed, we urge you to take appropriate actions under your legal authorities to freeze assets and/or close any accounts belonging to ADB at Bank of Tokyo-Mitsubishi UFJ Ltd.

-- We also ask you to investigate whether ADB holds correspondent relationships with other Japanese financial institutions and, if appropriate, take similar actions against ADB under those domestic authorities.

-- We are interested to learn the results of this investigation. We also look forward to continuing to work with you on this and other related security and counterproliferation matters, and are prepared to provide additional assistance as appropriate.

REPORTING DEADLINE

15. (U) Post should report results within 7 business days of receipt of this cable. Please slug replies for ISN, T, TREASURY, INR and EAP. Please use the caption SIPDIS in all replies.

POINT OF CONTACT

16. (U) Washington point of contact for follow-up information is Kevin McGeehan, ISN/CPI, (202) 647-5408.

17. (U) Department thanks Post for its assistance.
CLINTON